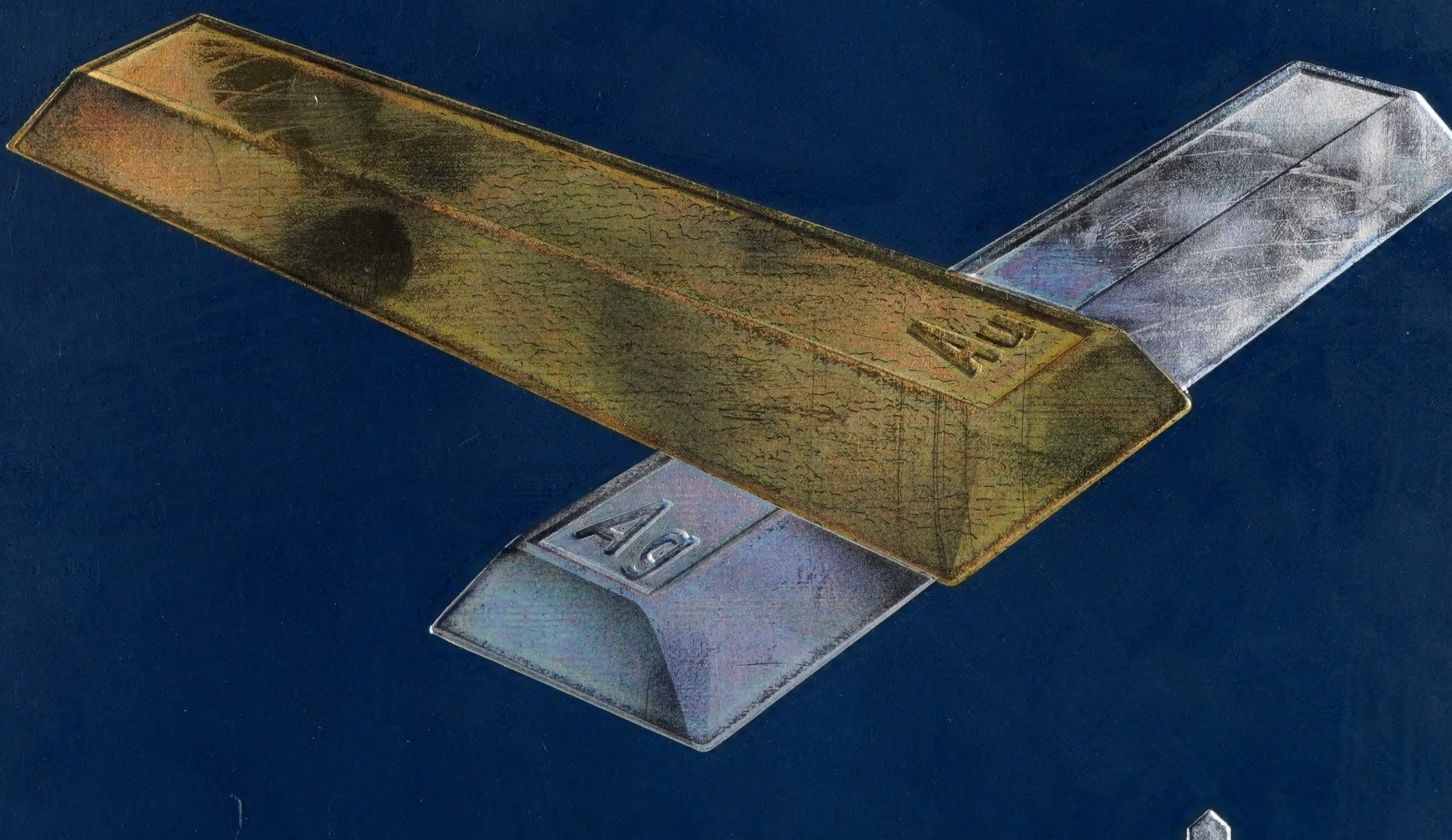
annual report 1979



AGNICO-EAGLE

mines limited

Looking northeast across the mine and mill at the Joutel Township (Quebec) gold mine of Agnico-Eagle Mines Limited. This modern and highly efficient treatment plant is now equipped with a completely new secondary crushing plant, initially with two crushers installed and a third to be added late in 1980. This unit came on stream in March, 1980, greatly increasing overall milling capacity.

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Comparative Highlights

	1979	1978
Consolidated Financial Summary		
Bullion Revenue	$ 26,956,747	$ 15,786,288
Cash Flow — funds from operations	$ 13,505,636	$ 6,644,349
Per Share	$0.97	$0.48
Net Income	$ 7,946,110	$ 2,636,302
Per Share	$0.57	$0.19
Working Capital at Year End	$ 14,592,754	$ 5,851,265
Shareholders' Equity	$ 21,613,271	$ 15,260,024
Unconsolidated Divisional Operating Summary		
GOLD DIVISION		
Gross Division Revenue	$ 23,902,229	$ 14,107,110
Operating Costs	$ 8,404,782	$ 7,351,949
Net Division Revenue	$ 12,743,322	$ 6,667,305
Tons of Ore Milled	367,600	361,875
Average Grade — Ounces Gold Per Ton	0.192	0.191
Ounces of Gold Produced	64,722	63,157
Average Gold Price Received — Per Ounce	$366.42	$221.89
Operating Costs Per Ounce of Gold	$129.86	$116.41
Operating Costs Per Ton Milled	$22.86	$20.32
Ore Reserves at Year End — Tons	1,305,533	1,239,491
Average Grade — Ounces Gold Per Ton	0.227	0.245
SILVER DIVISION		
Gross Division Revenue	$ 3,054,518	$ 1,679,178
Operating Costs	$ 1,158,466	$ 975,102
Net Division Revenue	$ 1,565,723	$ 428,202
Tons of Ore Milled	46,075	44,266
Recovered Average Grade — Ounces Silver Per Ton	4.06	6.06
Ounces of Silver Produced	187,315	268,208
Average Silver Price Received — Per Ounce	$16.31	$6.26
Operating Costs Per Ounce of Silver	$6.18	$3.64
Operating Costs Per Ton Milled	$25.14	$22.02

OFFICERS

PAUL PENNA, President and Managing Director
MIKEY DRUTZ, Secretary-Treasurer

DIRECTORS

IRVING DOBBS, Insurance Executive
GORDON W. KIRK, P.Eng., Mining Engineer
MILTON KLYMAN, Controller, Toronto Symphony
WILLIAM H. MOLLE, President, Mitre Resources Ltd.
JOHN R. MURRAY, Retired, Formerly Deputy Chief, Metropolitan Toronto Police
PAUL PENNA, Executive, Jakmin Investments Limited

MINE STAFF — SILVER DIVISION

Mine Manager, Gordon W. Kirk, P.Eng.
Chief Geologist and Engineer, Brian Thorniley, B.Sc., M.Sc., P.Eng.
Mine Superintendent, Armand R. Cote, P.Eng.
Mill Superintendent, William Montgomery
Chief Accountant, Herbert O. Johnson
Consulting Metallurgist, Ram Jugoon, B.Sc.

MINE STAFF — GOLD DIVISION

Consulting Engineer, Donald J. LaRonde, B.Sc., P.Eng.
Mine Manager, Dan Maciejowski, B.Sc.
Exploration Manager, Anton Adamcik, B.Sc.
Mill Superintendent, Ram Jugoon, B.Sc.
Chief Geologist, Ken Doane, B.Sc.
Exploration Geologist, James A. MacIntosh, B.Sc.
Mechanical Superintendent, Amay Dupas
Chief Electrician, Ray Binette
Underground Superintendent, Eugene Nolet
Administrative Manager, Laurent Belanger

CONSULTING GEOLOGIST

W. A. Hubacheck, B.Sc., P.Eng.

EXECUTIVE AND HEAD OFFICE

Suite 300, 365 Bay Street,
Toronto, Ontario, Canada M5H 2V1

MINE OFFICE — SILVER DIVISION

P.O. Box 140, Cobalt, Ontario P0J 1C0

MINE OFFICE — GOLD DIVISION

P.O. Box 310, Joutel, Quebec J0Y 1N0

AUDITORS

Starkman, Kraft, Rothman, Berger & Grill,
Chartered Accountants, Toronto, Ontario

SOLICITORS

Shibley, Righton & McCutcheon,
Toronto, Ontario

BANKERS

The Toronto-Dominion Bank,
Toronto, Ontario

REGISTRAR AND TRANSFER AGENT

Guaranty Trust Company of Canada
88 University Avenue, Toronto, Ontario
427 St. James Street, Montreal, Quebec

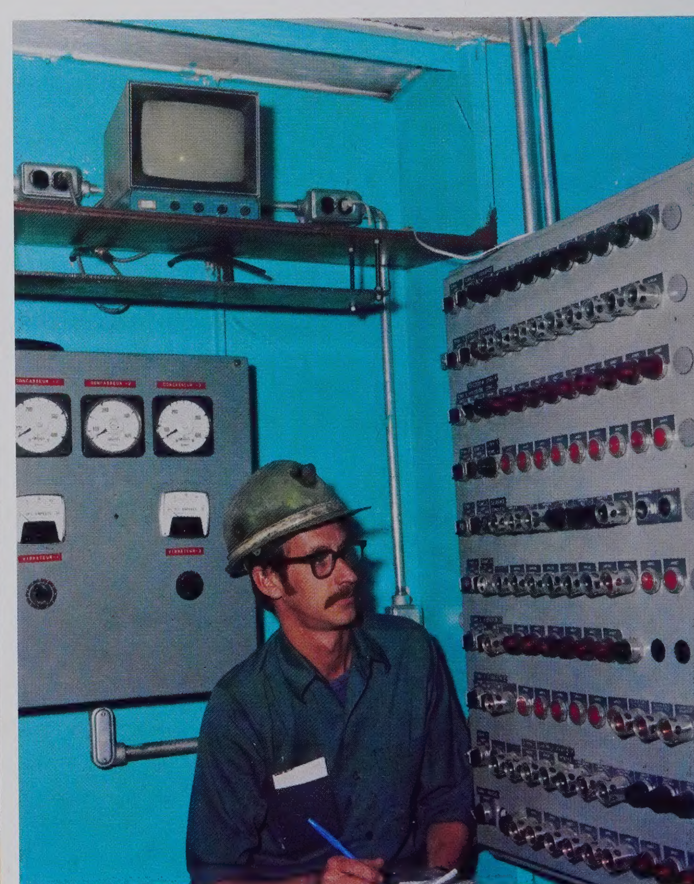
SHARE LISTINGS

The Toronto Stock Exchange, Toronto, Canada
Montreal Stock Exchange, Montreal, Canada
Ticker Symbol "AGE"
O.T.C. in United States of America
NASDAQ Symbol "AEAGF"

ANNUAL MEETING OF SHAREHOLDERS

June 20, 1980, 10:00 a.m. (Toronto Time)
Library, Royal York Hotel
100 Front Street West
Toronto, Canada

Scenes inside the new secondary crushing plant at the Joutel Twp. Gold Mine. This new addition will provide greater flexibility in grinding and crushing operations and will significantly increase the overall mill capacity.



President's Report to Shareholders

For the second consecutive year, 1979 financial results of your Corporation recorded an impressive gain accompanied by steady growth in its capital resources.

FINANCIAL

Cash flow, representing funds available from operations, increased by over 100% from the previous year, amounting to $13,505,636 equal to $0.97 per share as compared with the 1978 figure of $6,644,349 or $0.48 per share.

Net after tax income of $7,946,110 equal to $0.57 per share, climbed more than 200% from the $2,636,302 or $0.19 per share earned in 1978.

Working capital at the 1979 year end of $14,592,754 represents a gain of some 160% from $5,851,265 at the previous year end.

The very appreciable improvement in the 1979 financial results from those of the previous year, is primarily attributable to the higher prices received during the year for its bullion production which averaged $366.42 per ounce for gold compared with $221.89 per ounce in 1978, and for silver (from both the gold and silver divisions) an average of $15.94 per ounce against $6.26 per ounce in 1978.

The benefits from these buoyant bullion prices were particularly evident in the 1979 fourth quarter results which show cash flow from operations totalling $6,064,624 equal to $0.44 per share and net after tax income of $3,335,786 equal to $0.24 per share for this three-month period. The average price received for gold in the 1979 fourth quarter was $515.78 per ounce and $21.52 per ounce for silver.

Cash flow and net income from the 1979 fourth quarter operations approximate 45% and 42% respectively, of totals for the entire year. Significantly, the average price received for gold in that quarter compares with the level of approximately $600 per ounce prevailing at the time of writing this Annual Report, and about $16.00 per ounce for silver.

Financial results for the 1980 first quarter show the value of bullion production for the period at $13,749,555 before the deduction of realized losses totalling $1,591,294 resulting from a price adjustment due to hedging of production. The flow-through effect of these transactions is also reflected in the cash flow and income figures for this period.

As a result, cash flow for the 1980 first quarter amounted to $5,589,852 equal to $0.40 per share and net income was $4,555,722 equal to $0.33 per share. These figures compare with cash flow of $2,066,144 or $0.15 per share and net income of $1,182,283 or $0.09 per share for the same period in 1979. Consolidated statements of income and changes in financial position for the foregoing periods accompany this Annual Report. A summary of financial and production highlights is also included showing the comparative results for the gold and silver divisions for the respective periods.

In summary, the value of production for the gold division in the 1980 first quarter amounted to $11,625,585 and net division revenue, prior to deduction of deferred expenditures and depreciation, corporate income tax, hedging adjustment and head office expense, was $8,956,799. The value of production from the silver division for this period was $2,123,970 and net division revenue, calculated on a similar basis, amounted to $1,147,367.

INCOME AND MINING TAXES

The impact of corporate income and mining taxes was clearly evident in the 1979 record earnings. Income before taxes and an extraordinary item amounted to $13,332,528 equal to $0.96 per share. In 1978, deferred income and mining taxes totalled $1,315,022 or approximately 50% of income, but the utilization of unrecorded deferred tax benefits eliminated this tax expense, whereas in 1979 total income and mining taxes of $6,153,057 were reduced by the extraordinary item (utilization of unrecorded deferred tax benefits) of $766,639, with the result that the effective tax expense amounted to $5,386,418 or approximately 40% of income.

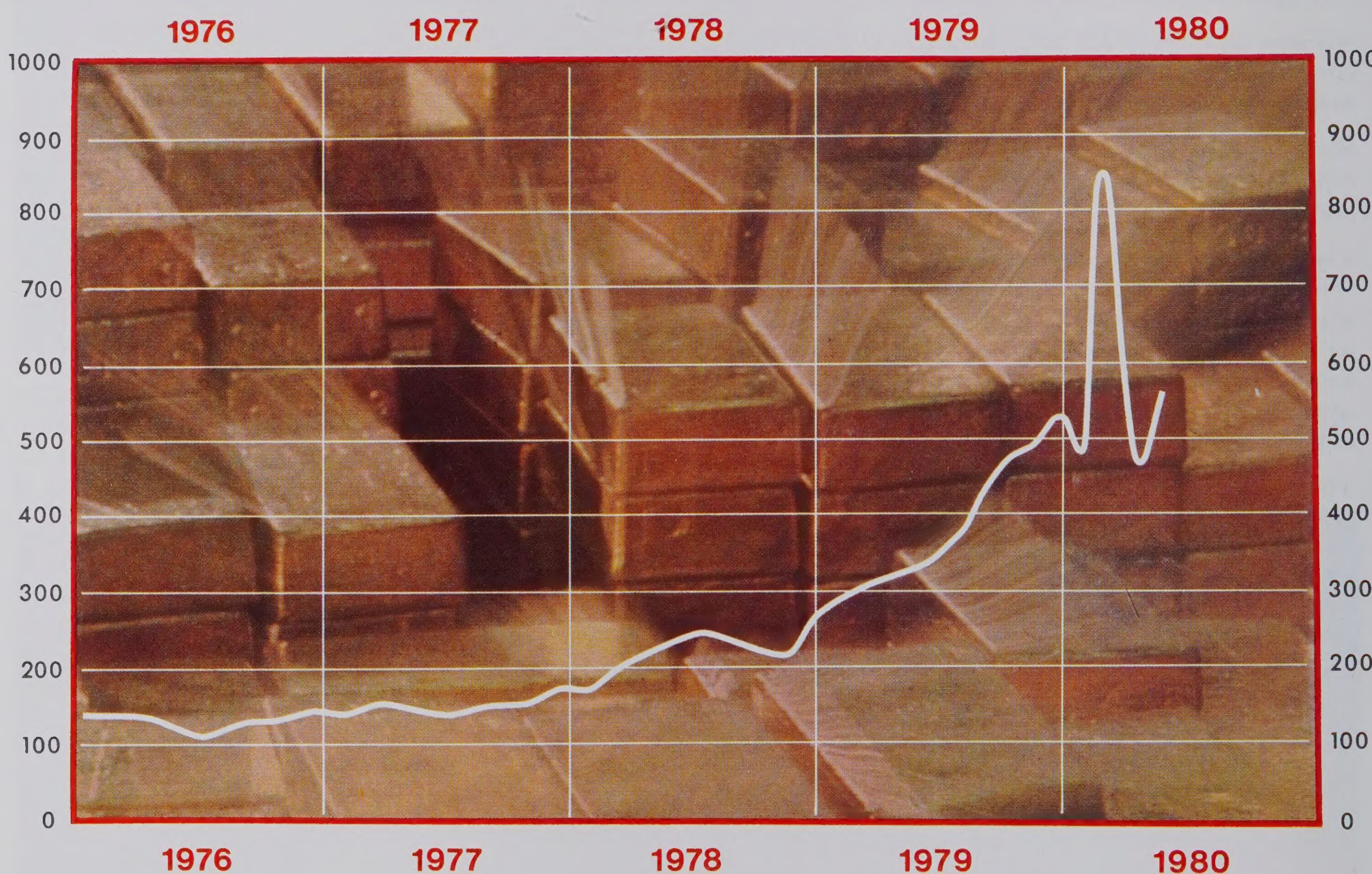
It is noted that your Corporation follows the tax allocation method of accounting. Under this method, timing differences between the accounting income and the amount of income reported for tax purposes, as a result of claiming items for income and mining taxes in excess of those recorded for accounting purposes, result in provisions for deferred taxes as shown in the accompanying consolidated balance sheet. Such items do not require a cash outlay during the related period. There was no comparable provision in 1978 and prior years.

OUTLOOK FOR GOLD AND SILVER

The price of gold at the opening of 1979 was approximately US$220 per ounce, closing the year at US$512 per ounce, or an average during the year of US$307 per ounce. These figures translate into Canadian funds at approximately $260, $604 and $362 per ounce, respectively. This was a continuation of the positive uptrend established in 1976 which was considerably accelerated in the intervening three year period in what many consider as a proper realignment, appropriate to world inflation and the crumbling worth of paper currencies and adverse economic conditions. This has, at various intervals, been accentuated by chaotic political events.

While the sharp upsurge in bullion prices during the 1980

WEEKLY AVERAGE GOLD PRICE, SECOND FIXING – LONDON GOLD MARKET



U.S. DOLLARS

first quarter, which saw gold reach a level of US$850 per ounce and silver US$50 per ounce in late January, undoubtedly reflect extreme political tensions at the time, the fact remains that the underlying factors for this loss of confidence in fiat money and the consequent shift to bullion security, are virtually unchanged at the present and the probabilities are that they will not alleviate during the foreseeable future.

In fact, if one considers the identity and financial strength of those nations and the substantial financial institutions now dominant in the world bullion markets, there is ample reason to expect a continuation of the sustained uptrend in prices, with appropriate periods of consolidation, to average price levels during 1980 and beyond, exceeding those of the past few years.

In any event, your Corporation anticipates very adequate profit margins for both its gold and silver production, based on any reasonable projection of production costs which in 1979 averaged below $130 per ounce of gold and just slightly above $6 per ounce of silver produced.

MINING AND MILLING OPERATIONS

Details of the 1979 operating results of the separate gold and silver divisions are set out in the accompanying reports of the mine managers on pages 16 through to 21.

With respect to the gold division, it is noteworthy that metallurgical recoveries averaged 91.60% for the year, which is a record annual average. The new secondary crushing plant which came on stream during March, 1980, initially incorporating two crushers and to be expanded to three such units before year end, not only provides greater flexibility in operations but also appreciably increases the overall mill capacity.

Ore reserves at year end amounted to 1,305,533 tons of an average grade including a 27% allowance for mining dilution, of 0.227 ounce of gold per ton. This represents a net increase of 66,042 tons after the mining of 367,000 tons during 1979. Underground development and exploration at the several new levels opened up below the previous main producing horizons, continue to show excellent promise of both lateral and depth extensions of the mine.

The 2550 exploration drift east was advanced during the year to the 10+20 E section. Initial diamond drilling was done at 100-foot intervals, intersecting the ore horizon on this level which extended, as defined during the year, for a length of 500 feet with an average width of 9.4 feet and an average grade of 0.25 ounce of gold per ton. Drilling subsequent to the 1979 year end has already shown the zone as being 1,500 feet long. Drilling up and down holes to the 2400 and 2700 levels indicates comparable results at these elevations. The ore zone is open from the 2400 to the 1500 levels and below the 2700 level.

The 2550 E drift was continued eastward and is now 800 feet into the adjacent corporation-owned Telbel property. Exploration drilling from the west drive on the 1050 level encountered ore grade mineralization in what may be a new parallel zone located some 600 feet north of the main orebody and about 1,400 feet west of the shaft. Further drilling is planned to determine the extent and grade of this entirely new zone.

One of the dominant factors of the gold division has been the containment of operating costs well within moderate escalations attributable to industry-wide increases in costs for wages, energy and materials. The unit cost per ton of ore milled in 1979 increased less than 13% over the average for the previous year and this includes considerable added expense resulting from the large scale underground program which has been in progress for the past two years. The economies of increased production during 1980 can be expected to reflect in the unit costs for the year.

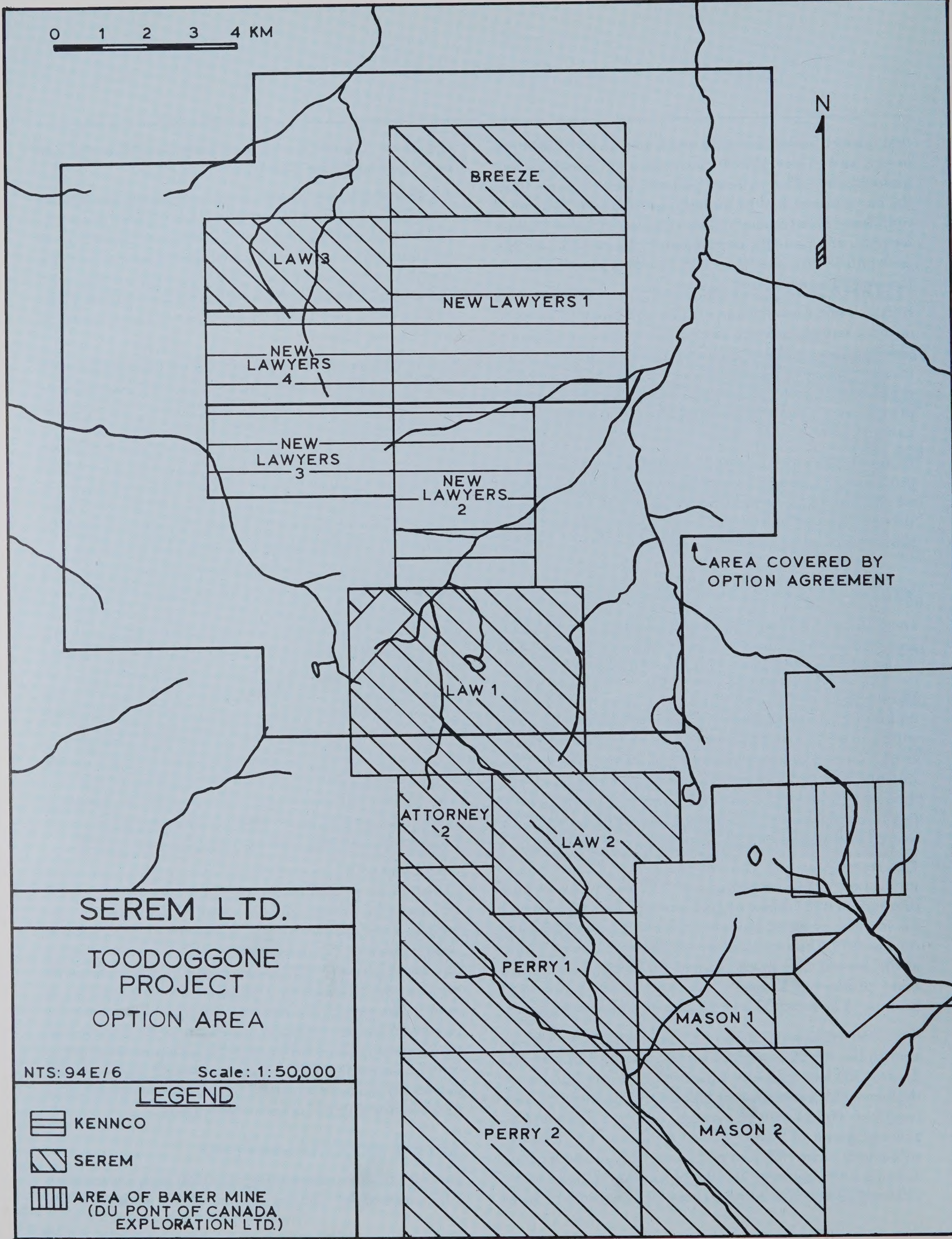
The cost per ounce of gold produced, which averaged $129.86 during 1979, is a factor of the average grade of ore treated during any specific period. In 1979 it varied from a low of $120.55 per ounce in the fourth quarter with the average grade treated in that period of 0.194 ounce of gold per ton, to a high of $143.27 per ounce in the second quarter when the grade averaged 0.178 ounce per ton during a low grade cycle which can occur periodically in virtually any mine.

Your Corporation's gold division enjoys low operating costs ranking among the lowest cost producers in North America. This economy of operation enables considerable flexibility in the treatment of lower than mine average grade of ore during periods of high gold prices.

Operations at the silver division continue to respond to the program of property acquisitions, usually by lease arrangement, which identify your Corporation as the holder of the greater portion of the Cobalt Camp and its adjacent sectors. The buoyant silver prices, notwithstanding the recent pressure of liquidation from a very substantial owner of the metal which is considered to be temporary in nature, has provided a basis for considering a substantial increase in the ore treatment capacity for 1980. The opening up of new sources of mill feed, some with promise of silver content exceeding the average recovered grade of 4.06 ounces per ton in 1979, and 4.79 ounces per ton obtained in the 1980 first quarter, is most encouraging.

JOUTEL AREA EXPLORATION

During late 1979 and extending into 1980, your Corporation has acquired by staking a total of 232 claims in the


0 1 2 3 4 KM
N
BREEZE
LAW 3
NEW LAWYERS 1
NEW LAWYERS 4
NEW LAWYERS 3
NEW LAWYERS 2
AREA COVERED BY OPTION AGREEMENT
LAW 1
ATTORNEY 2
LAW 2
PERRY 1
MASON 1
PERRY 2
MASON 2
SEREM LTD.
TOODOGGONE PROJECT
OPTION AREA
NTS: 94E/6
Scale: 1:50,000
LEGEND
KENNCO
SEREM
AREA OF BAKER MINE (DU PONT OF CANADA EXPLORATION LTD.)

Townships of Valrennes, Joutel and Douay, Quebec. These claims were staked on the basis of a study of the latest geological and geophysical data. A follow-up program is now in progress, consisting of linecutting and ground geophysical surveys to outline drill targets. Surface diamond drilling of ground conductors was started late in the fall of 1979 and was temporarily suspended due to the spring break-up.

Some encouragement was obtained in a conductor located about three miles to the northwest of the main ore zone of the gold division. Diamond Drill Hole 80-10 intersected sulphide mineralization containing a six foot section assaying 0.13 ounce of gold per ton and another 11.5 foot section averaging 0.11 ounce gold per ton.

Additional detail drilling will be carried out in the vicinity of this hole to determine the extent of the gold values.

SEREM JOINT VENTURE, OMENICA, B.C.

During the year, your Corporation acquired an undivided 25% of the interest of Serem Ltd. (wholly owned subsidiary of Serem S. A., France) in a working option on a group of claims known as the "Lawyers Property", obtained from Kennco Explorations, (Western), Limited and the Serem group of claims, known as the "Toodoggone Project", both of which are located in the Omineca Mining District, British Columbia.

The foregoing properties constitute a joint venture (Serem Joint Venture) in which Serem Ltd., the Manager of the project, will retain a 50% interest, and each of your Corporation and associated Sudbury Contact Mines, Limited hold an undivided 25% interest.

During the 1979 field season, the Serem Joint Venture carried out a program of exploration on the Lawyers Property which included a series of eleven trenches varying in length from 35 to 50 feet for a total of some 565 feet, which were excavated and systematically sampled for gold and silver. This was followed by four holes totalling approximately 1,000 feet of drilling which was terminated ahead of schedule late in the summer, due to a lack of drilling water.

On the basis of the favourable results being obtained on the Lawyers Property, Serem, on behalf of the Joint Venture, carried out a regional stream sampling program which resulted in the staking of additional claim groups designated as the Toodoggone Project.

DESCRIPTION OF PROPERTIES

The Lawyers Property under option from Kennco consists of New Lawyers 1, 2, 3 and 4 groups, totalling 448 units and covering about 2,965 acres. It is located approximately 180 miles north of Smithers, B.C. The properties designated as the Toodoggone Project, consist of three claim group, Law 1, Law 3 and the Breeze claims comprising 38 units, were staked adjoining the Kennco group of properties for protection along strike. These claims are within the one mile perimeter clause and therefore are part of the option agreement. Other claims staked under the "Toodoggone Project" total 176 units.

The New Lawyers claims comprising the Lawyers Property were staked by Kennco in 1970-71 on the basis of gold-silver geochemical anomalies. The two anomalous areas, the "Amethyst Gold Breccia Zone" and the "Cliff Creek Showing" were mapped and sampled in 1973 and limited diamond drilling was carried out in 1974 and 1975. In May, 1978, the Lawyers Property was optioned to Semco Mining Corporation, from whom Serem Ltd. obtained an assignment agreement in May, 1979.

Serem subsequently assigned 50% of its interest equally to Agnico-Eagle and Sudbury Contact.

The working option from Kennco remains in force to December 31, 1982 upon the expenditure by the Serem Joint Venture of not less than $170,000. If such expenditures during the period shall aggregate not less than $250,000 then the Serem Jont Venture will have earned a 51% undivided interest (Agnico-Eagle and Sudbury each having 25% of 51% or 12.75% of the total) thereby contituting a joint venture between the Serem Jont Venture and Kennco on a 51%-49% basis, the "Kennco Joint Venture".

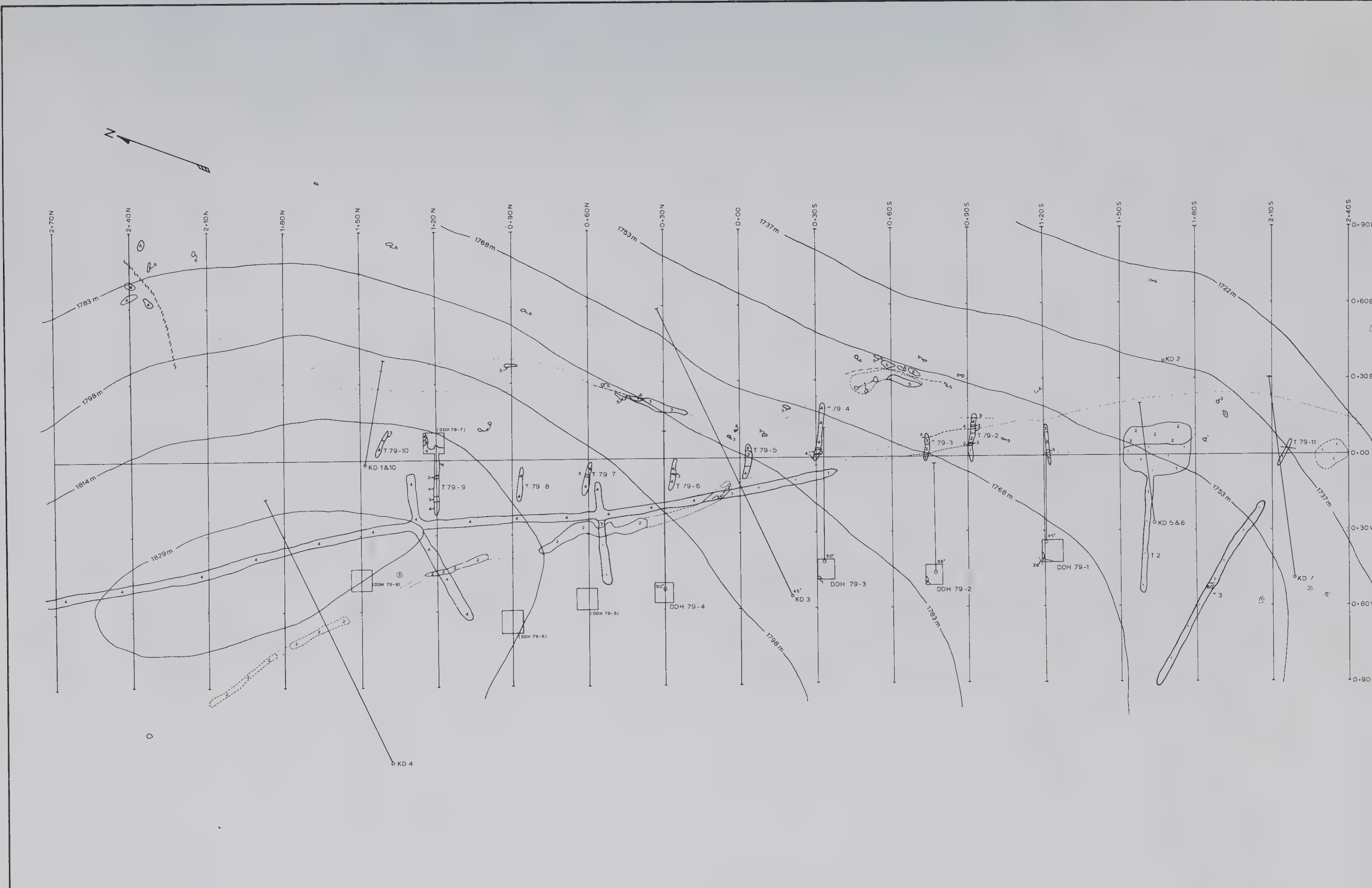
The working option agreement ("Kennco Joint Venture") further provides for additional expenditures by the Serem Joint Venture, or its bringing of the property into production in order to maintain its interest, which interest can be earned up to a maximum of 80% of the Kennco Joint Venture.

The receipts and revenues from the Kennco Joint Venture are to be shared between the parties according to their respective interests, subject to the payment by the Serem Joint Venture of a specified percentage of its share to the original holder of the working option, Semco Mining Corporation.

GEOLOGY

The general area is underlain by northwesterly trending series of Toodoggone and Talka volcanics. The Toodoggone group (Lower Jurassic) overlies uncomformably the Talka group (Upper Triassic), which host the gold and silver bearing quartz veins on the neighbouring Chappelle Property (Baker Mine) held by Du Pont of Canada Exploration Limited.

Both series are intruded by granitic stocks. Several major NS and NW trending regions; faults cut through the area



LEGEND

1 TRACHYTE PORPHYRY FLOW, AGGLOMERATE, ASH

2 ASH TO LAHAR, OFTEN UNCONSOLIDATED RED MUD

3 SILICIFIED, BRECCIATED ZONE

4 TRACHYTE PORPHYRY WEDGE

5 APHANITIC TO VERY FINE GRAIN LITHIC TUFF

6 QUARTZ, FELDSPAR CRYSTAL LITHIC TUFF

GEOLOGIC CONTACT - KNOWN

- ASSUMED

KD KENNCO DDH

T TRENCH

SEREM LTD.

LAWYERS PROJECT

AMETHYST GOLD BRECCIA ZONE

GEOLOGY

NTS 94E/6E

0 1 2 3 4m

east and north of the Lawyers Property. The Lawyers Property is underlain by the Toodoggone volcanics which consist of intermediate to felsic porphyritic flows and pyroclastics. The "Amethyst Gold Breccia Zone" occurs in a trachyte porphyry which has a fine grained green to reddish brown ground mass containing orange to salmon coloured phenocrysts of feldspar.

MINERALIZATION

Most of the work done to date consisting of trenching and diamond drilling has been concentrated on the "Amethyst Gold Breccia Zone". Mineralization consists of finely disseminated-native silver and occasionally native gold. Gold and silver values increase with silicification and brecciation.

The presence of gold and silver on the Lawyers, Chappelle, and other properties in the area indicates a potential precious metal district with the mineral occurrences genetically related to Jurassic volcanics.

Exploration work by Kennco in 1973-1975 and by the Serem Joint Venture in 1979 on the "Amethyst Gold Breccia Zone" has established widespread gold and silver mineralization over an area 1,500 feet long by 250 feet wide and from 100 to 200 feet below surface. The zone is still open on strike and to depth. Diamond drilling has not been sufficient to permit meaningful tonnage and grade calculation.

EXPLORATION SCHEDULED FOR 1980

The program of exploration scheduled for the 1980 season will include additional rock trenching and diamond drilling on the "Amethyst Gold Breccia Zone" to fully delineate the gold-silver values to enable a proper assessment of the tonnage and grade. In addition, detailed follow-up exploration work is planned for other areas of interest on the claims.

The estimated cost as agreed by the Joint Venture partners for the 1980 work program is $500,000 of which your Corporation's share will amount to $125,000. The next stage in the evaluation of the "Amethyst Gold Breccia Zone" will require an underground test. This would require the driving of an adit into the side of the mountain which would permit crosscutting and drifting on the zone of values, and provide drill stations for closely-spaced definition drilling.

This program, which is tentatively planned for 1981, would cost approximately $2.8 million, of which your Corporation's contribution would amount to $700,000.

The announcement in March, 1980 by Du Pont of Canada Exploration Limited, of its decision to proceed to production at its Baker Mine at Chappelle, is of considerable interest. The property, which is located south and east of the Lawyers-Toodoggone claims on the Serem Joint Venture, has been under active exploration and development since 1974 when it was acquired by Du Pont under an agreement with Kennco which made the initial Chappelle discovery in 1969.

Du Pont stated it is investing about $12 million in mining and milling facilities to process some 100,000 tons of gold and silver ore, containing an average of 0.9 ounce of gold and 19 ounces of silver per ton. Production is scheduled to commence early in 1981.

INVESTMENTS

Your Corporation maintains an appreciable and mainly long term portfolio of investments, principally in natural resources securities with particular emphasis on precious metal oriented corporations. The portfolio includes substantial minority holdings in Dumagami Mines Limited (9.8%), Kiena Mines Limited (4.2%) and in its associated corporation, Mentor Exploration and Development Co., Limited (20.6%).

DIVIDENDS

A second dividend of 15¢ per share (U.S. funds) has been paid to shareholders on May 9, 1980, an increase from the initial dividend of 10¢ per share paid during May of 1979. The policy of paying dividends in U.S. funds recognizes the high proportion of U.S. residents among the more than 20,000 registered shareholders of the Corporation.

GENERAL

Your Corporation has been awarded the Regional John T. Ryan Trophy for the lowest accident rate amongst metalliferous mines in Quebec and East regions. Advice on this award was received on April 22, 1980 from the C.I.M.M.

The Directors and Management again are pleased to acknowledge the efforts and skills of our operating force at the gold and silver mining divisions, as well as the engineering, mining and geological consultants for their combined and co-ordinated contributions in all areas of corporate activities throughout the year.

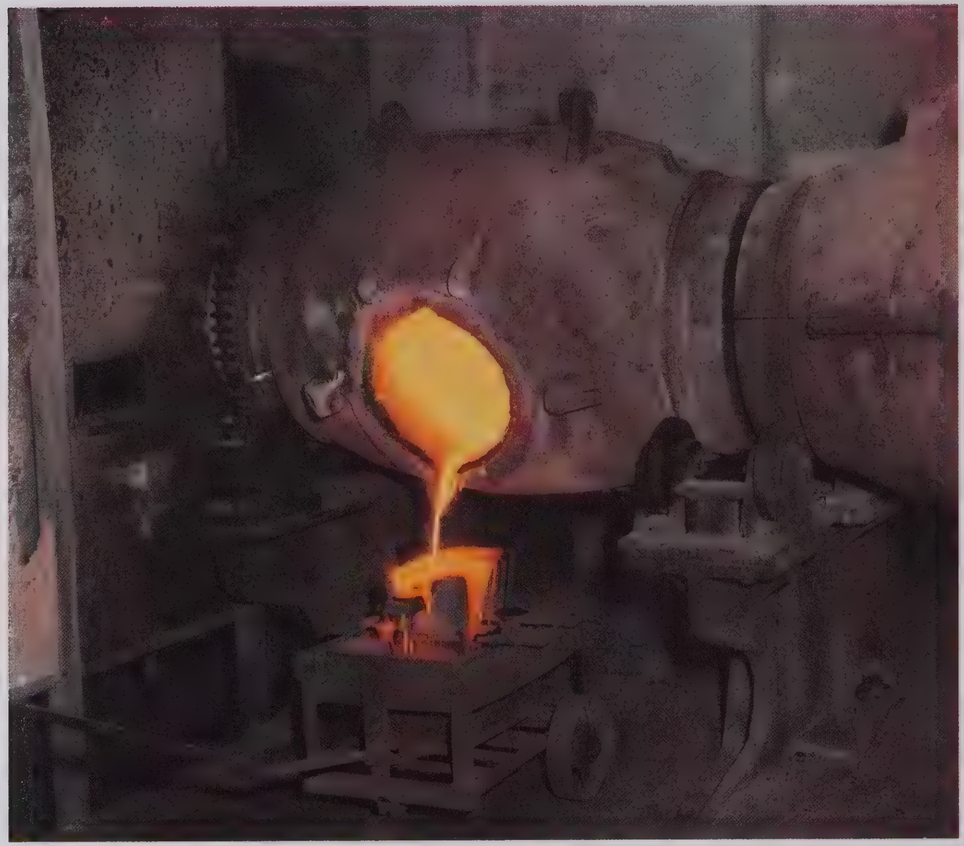
On behalf of the Board of Directors,

Paul Penna

President and Managing Director

Toronto, Canada
May 9, 1980

The final product of the mine. The refinery furnace is charged with a mixture of gold precipitate and flux and, after heating to about 2,500F., the molten bullion is poured into molds where the gold, owing to its high density, separates from the slag.



The recovery of gold from the mineralized rock is one of the most efficient processes in modern metallurgy. This involves the final recovery of the bullion which represent approximately one part in nearly one hundred thousand parts of rock and successfully extracts more than 90% of the metal. Alongside shows the operator drill- sampling the bar before shipment to the Royal Canadian Mint at Ottawa, Canada.

Summarized 1979 Quarterly Data — Unaudited

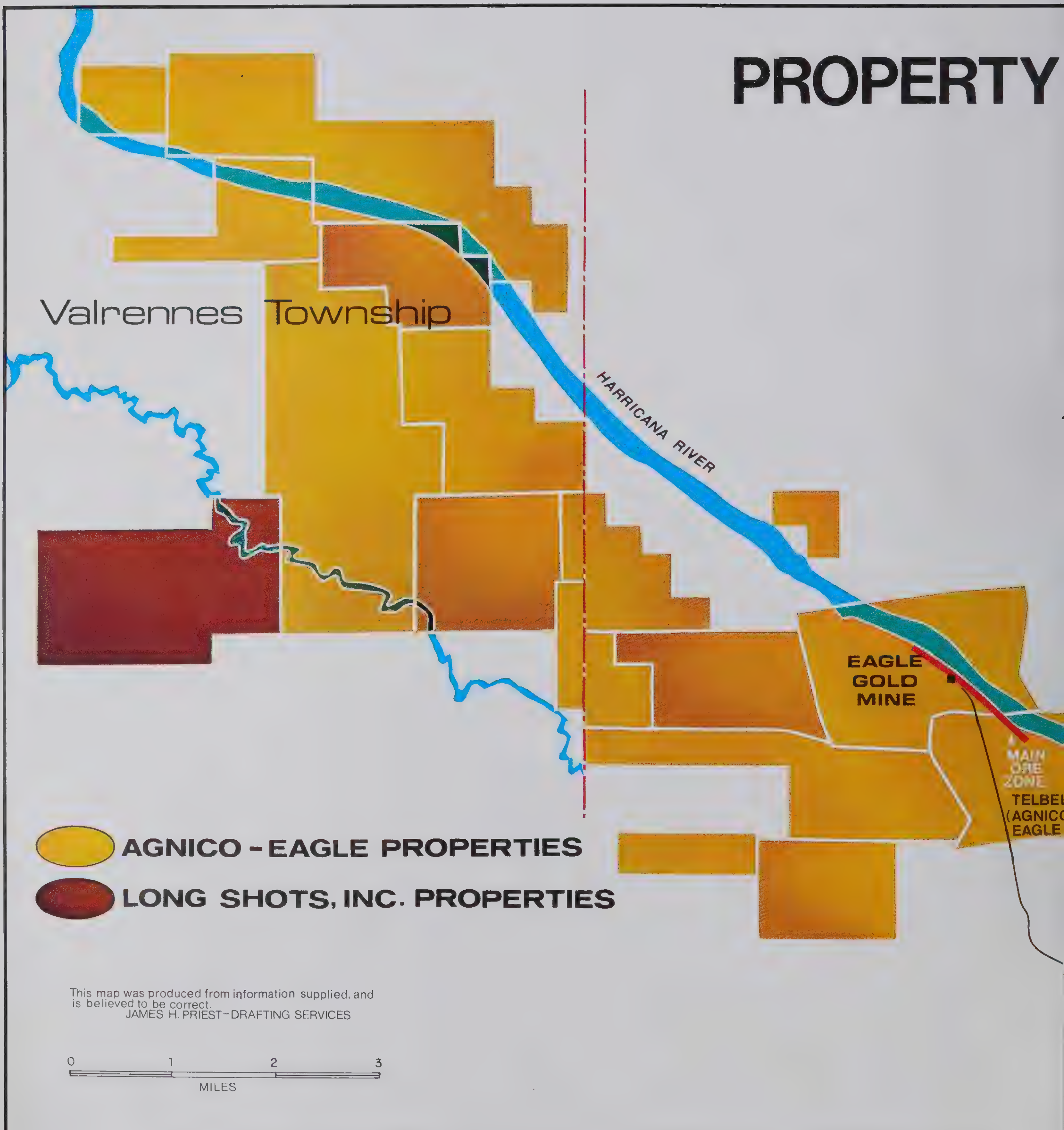
Consolidated Financial Results	Quarter Ended March 31	June 30	Sept. 30	Dec. 31	Year
Bullion Revenue	$ 4,831,442	$ 4,631,034	$ 6,248,093	$ 11,246,178	$ 26,956,747
Cash Flow — funds from operations	$ 2,066,144	$ 2,201,805	$ 3,173,063	$ 6,064,624	$ 13,505,636
Per Share	14.9¢	15.9¢	22.9¢	43.7¢	97.4¢
Net Income	$ 1,182,283	$ 1,323,692	$ 2,104,349	$ 3,335,786	$ 7,946,110
Per Share	8.5¢	9.6¢	15.2¢	24.1¢	57.3¢

Unconsolidated Divisional Results	GOLD DIVISION				
Tons Ore Milled	87,700	88,600	88,900	102,400	367,600
Grade — Ozs./Ton Gold	0.203	0.178	0.197	0.194	0.192
Mill Recovery — %	91.72	91.44	91.70	91.56	91.60
Gold Production — Ozs.	16,297	14,132	16,017	18,276	64,722
Silver Production — Ozs.	3,942	3,587	4,293	4,153	15,976
Average Cost/Ton Milled	$ 23.59	$ 22.85	$ 23.72	$ 21.52	$ 22.86
Average Cost/Oz. Gold	$126.92	$143.27	$131.63	$120.55	$129.86
Average Gold Price — Oz.	$281.25	$299.68	$341.54	$515.78	$366.42
Value of Gold Production	$ 4,583,610	$ 4,235,143	$ 5,470,398	$ 9,426,357	$ 23,715,508
Value of Silver Production	$ 31,606	$ 32,217	$ 48,366	$ 74,532	$ 186,721
Gross Division Revenue	$ 4,615,216	$ 4,267,360	$ 5,518,764	$ 9,500,889	$ 23,902,229
Marketing Expense	$ 25,270	$ 24,248	$ 34,065	$ 39,669	$ 123,252
	$ 4,589,946	$ 4,243,112	$ 5,484,699	$ 9,461,220	$ 23,778,977
Mine Operating Costs	$ 2,068,440	$ 2,024,711	$ 2,108,387	$ 2,203,244	$ 8,404,782
	$ 2,521,506	$ 2,218,401	$ 3,376,312	$ 7,257,976	$ 15,374,195
Mining Taxes	$ 209,548	$ 91,052	$ 547,400	$ 1,782,873	$ 2,630,873
Net Division Revenue	$ 2,311,958	$ 2,127,349	$ 2,828,912	$ 5,475,103	$ 12,743,322

	SILVER DIVISION				
Tons Ore Milled	2,890	10,510	17,015	15,660	46,075
Recovered Grade — Ozs./Ton Silver	3.63	3.72	3.52	5.13	4.06
Silver Production — Ozs.	7,910	39,076	59,918	80,411	187,315
Average Cost/Ton Milled	$ 67.91	$ 23.29	$ 19.21	$ 24.96	$ 25.14
Average Cost/Oz. Silver	$ 18.72	$ 6.26	$ 5.45	$ 4.86	$ 6.18
Average Silver Price received per Ounce	$ 8.02	$ 9.31	$ 12.17	$ 21.70	$ 16.31
Gross Division Revenue	$ 216,226	$ 363,674	$ 729,329	$ 1,745,289	$ 3,054,518
Marketing and Royalties	18,695	56,297	90,128	217,044	382,164
	$ 197,531	$ 307,377	$ 639,201	$ 1,528,245	$ 2,672,354
Mine Operating Costs	196,272	244,825	326,844	390,926	1,158,466
	$ 1,259	$ 62,552	$ 312,357	$ 1,137,319	$ 1,513,888
Sundry Income	160	1,609	212	1,587	3,568
	$ 1,419	$ 64,161	$ 312,569	$ 1,138,906	$ 1,517,456
Mining Taxes (Recovery)	—	—	—	(48,267)	(48,267)
Net Division Revenue	$ 1,419	$ 64,161	$ 312,569	$ 1,187,173	$ 1,565,723

NOTES: Net division revenue figures are prior to deduction of amortization of deferred expenditures and depreciation, corporate income tax and head office expense. Consolidated figures reflect deduction of head office administrative expenses and cash flow figures are before deduction of non-cash write-offs for amortization and depreciation.

The map below shows the extensive staking of claims totalling 232 throughout three townships in the Joutel Area extending NW to SE for about 20 miles. These claims were staked during the 1979-1980 winter season and will be a major exploration target during 1980 and beyond.



LOCATION PLAN

Gold Division
Casier Postal
P.O. Box 310
Joutel, Quebec J0Y 1N0

AGNICO-EAGLE
mines limited

Report of the Mine Manager (Gold Division)

January 25, 1980

The President and Directors,
Agnico-Eagle Mines Limited,
Suite 300, 365 Bay Street,
Toronto, Ontario

Gentlemen:

I am pleased to submit the following report regarding operations at the Gold Division of Agnico-Eagle Mines Limited for the year ended December 31, 1979.

Summary:

During 1979 gold production amounted to 64,722 ounces together with 15 976 ounces of silver. Tonnage of ore treated was 367,600 tons with a calculated average grade of 0.192 ounce of gold per ton.

Overall recovery of gold in the mill averaged 91.60% for the year which is a record annual average.

Bullion revenue for 1979 amounted to $23,902,229 reflecting the increase in the average price received for the gold during the year to $366.42 Canadian from $221.89 in 1978.

Production:

In 1979 the mill treated a total of 367,600 tons of ore averaging 1,007 tons per calendar day with the mill operating at approximately 85% of available time. On the basis of actual operating days, the average throughput rate for the year was 1,188 tons.

A new secondary crushing plant is scheduled for start-up in March 1980.

This new and separated facility will have two crushers initially three by the year end providing greater flexibility and significantly increasing the overall mill capacity.

Operating Summary:

PRODUCTION	1979	1978
Tons Milled	367,600	361,875
Mill Recovery — %	91.60	91.32
Grade — Oz./ton Gold	0.192	0.191
Gold Production — Ozs.	64,722	63,157
Silver Production — Ozs.	15,976	15,131
Average Value — Oz. Gold	$ 366.42	$ 221.89
Average Value — Oz. Silver	$ 11.51	$ 6.16

REVENUE	1979	Per ton	1978	Per ton
Gold Production	$ 23,715,508	$ 64.51	$ 14,013,965	$ 38.72
Silver Production	186,721	0.51	93,145	.26
Total Bullion Revenue	$ 23,902,229	$ 65.02	$ 14,107,110	$ 38.98
Marketing Charges	123,252	.34	87,856	.24
Division Revenue	$ 23,778,977	$ 64.68	$ 14,019,254	$ 38.74
EXPENSES:				
Mining	$ 4,615,751	$ 12.55	$ 3,844,898	$ 10.63
Milling	3,789,031	10.31	3,507,051	9.69
Total Operating Costs	$ 8,404,782	$ 22.86	$ 7,351,949	$ 20.32
Operating Profit	$ 15,374,195	$ 41.82	$ 6,667,305	$ 18.42
Capital Expenditures	$ 1,045,757	$ 2.84	$ 85,688	$ .24

The following is a summary of the development completed in 1979 with comparative data for 1978 and 1977.

	1979	1978	1977
Drifting, sub-drifting and cross-cutting — feet	9,243	8,844	10,073
Raising — feet	2,934	5,599	5,429
Total tons of ore broken (dev. and mining)	356,804	366,451	363,776
Total tons of waste broken	38,684	62,076	31,791
Long hole drilling — feet	210,053	133,103	170,340
U/G diamond drilling — feet	16,971	16,399	17,943

Ore Reserves:

Total proven probable and drill indicated reserves at December 31, 1979 including a 27% allowance for mining dilution, were 1,305,533 tons grading 0.227 ounce of gold per ton. This total represents an increase of 66,042 tons after the milling of 367,600 tons in 1979.

Details of the ore reserves are as follows:

Category	Tons at Year end 1979	Tons at Year end 1978	Tons at Year end 1977
Proven ore — tons	440,642	450,219	485,440
— oz./ton	0.275	0.228	0.200
Probable ore — tons	458,516	338,571	214,876
— oz./ton	0.202	0.258	0.260
Total Proven and Probable — tons	899,158	788,790	700,316
— oz./ton	0.238	0.241	0.220
Indicated ore — tons	406,375	450,701	896,714
— oz./ton	0.202	0.253	0.270
Total all categories — tons	1,305,533	1,239,491	1,597,030
— oz./ton	0.227	0.245	0.250

General:

Labour relations remained harmonious throughout the year. The work force at 193 is approximately 8% greater than last year. The contract with the United Steelworkers of America expires in January 1981.

In conclusion, I would like to take this opportunity to thank all employees and staff for their loyal and efficient work during the past year.

Respectfully submitted,

D. L. Maciejowski, B.Sc.
Mine Manager

Five Year Summary of Operations

	1975	1976	1977	1978	1979
Financial Summary					
Bullion revenue	$ 10,997,435	$ 8,702,653	$ 11,069,222	$ 15,786,288	$ 26,956,747
Operating Costs	$ 6,813,637	$ 7,432,790	$ 8,386,231	$ 8,947,585	$ 10,421,121
Cash Flow from Operations	$ 2,466,078	$ 1,133,732	$ 2,585,516	$ 6,644,349	$ 13,505,636
Per Share	25.0¢	8.2¢	18.7¢	47.9¢	97.4¢
Net Income	$ 1,270,332	$ (1,362,238)	$ (361,361)	$ 2,636,302	$ 7,946,110
Per Share	9.2¢	(9.8¢)	(2.6¢)	19.0¢	57.3¢
Working Capital at Year End	$ (674,738)	(773,718)	$ 159,289	$ 5,851,265	$ 14,592,754

Operating Summary

Gold Division

	1975	1976	1977	1978	1979
Bullion Revenue	$ 9,749,360	$ 7,940,667	$ 10,110,868	$ 14,107,110	$ 23,902,229
Operating Costs	$ 4,544,819	$ 5,936,632	$ 6,706,332	$ 7,351,949	$ 8,404,782
Net Division Revenue	$ 3,363,993	$ 1,840,987	$ 3,330,854	$ 6,667,305	$ 12,743,322
Tons of Ore Milled	309,524	345,538	363,526	361,875	367,600
Average Grade — Oz/Ton Gold	0.233	0.206	0.197	0.191	0.192
Ozs. Gold Produced	59,224	64,343	63,481	63,157	64,722
Ozs. Silver Produced	16,323	17,923	14,949	15,131	15,976
Average Gold Price — Per Oz.	$160.00	$123.55	$158.14	$221.89	$366.42
Operating Costs — Per Ton Milled	$16.81	$17.18	$18.45	$20.32	$22.86
Operating Costs — Per Oz. Gold	$76.74	$92.27	$105.64	$116.41	$129.86

Silver Division

	1975	1976	1977	1978	1979
Bullion Revenue	$ 1,249,921	$ 761,586	$ 958,354	$ 1,679,178	$ 3,054,518
Operating Costs	$ 1,135,058	$ 1,072,651	$ 987,291	$ 975,102	$ 1,158,466
Net Division Revenue	$ 114,863	$ (311,065)	$ (185,376)	$ 428,202	$ 1,565,723
Tons of Ore Milled	17,410	41,455	44,362	44,266	46,075
Ozs. Silver Produced	307,314	192,885	198,811	268,208	187,315
Average Silver Price — Per Oz.	$4.06	$3.95	$4.82	$6.26	$16.31

Silver Division
P.O. Box 140,
Cobalt, Ontario P0J 1C0

AGNICO-EAGLE
mines limited

Report of the Mine Manager (Silver Division)

February 25, 1980.

The President and Directors,
Agnico-Eagle Mines Limited,
Suite 300 - 365 Bay Street,
Toronto, Ontario M5H 2V1

Gentlemen:

I am pleased to submit the following report covering the operations of the Silver Division of Agnico-Eagle Mines Limited for the year ended December 31, 1979.

PRODUCTION

Production during the year was provided by the Coniagas Mine, Beaver-Temiskaming Mine and the Castle Mine. The main source of production, approximately 66%, was from the Coniagas and the remaining production was divided between the Beaver-Temiskaming and the Castle. The Penn Mill operated for two weeks in January and then resumed operations again in May until December, producing 187,315 ounces of silver from 46,075 tons milled.

The following is a summary of the main production items:

Ounces silver produced	187,315
Pounds cobalt produced	10,337
Gross value of metals sold	$3,054,518
Gross value per ounce of silver	$16.31
Tons ore milled from company properties	46,075
Tons ore hoisted	52,561
Calculated head ounces silver/ton	5.57
Recovered ounces silver/ton	4.06
Extraction efficiency	88.84%

EXPLORATION AND DEVELOPMENT

Coniagas — Probing in the walls and pillars of the old open stopes near surface continues to reveal small veins and disseminated silver which provides low cost ore.

Beaver-Temiskaming Mine — All exploration and development work was concentrated on the Cobalt Lode property at the southend of the 1600 foot level.

Exploration drilling in this area, indicated silver values above the 1600 foot level, in the Keewatin, below the diabase sill. A service raise was driven at 45° to a point 120 feet above the level where two vein systems containing cobalt and silver were developed by drifting. The resulting stopes have provided the bulk of ore production from this property.

The exploration diamond drill program completed 16,583 feet of drilling during the year. This drilling was carried out on the Cobalt Lode property which outlined the two vein systems in this area.

Castle Mine — This property, a former silver producer located in the Gowganda area, was acquired through a leasing arrangement. In May, work commenced on driving an adit, on surface, to gain access to the 70 foot level of #3 Shaft. This permitted the mining of several silver veins while the shaft was being rehabilitated. The ore broken was then stockpiled on surface and trucked to the Penn Mill in Cobalt for milling in December. This early production amounted to 2,764 tons of ore averaging 13.25 ounces of silver per ton.

While mining operations were going on, a new hoisting plant and buildings were being constructed on surface at #3 Shaft. By the end of the year, a new headframe had been constructed together with a combined hoist and compressor building, a repair shop and a change house. A trailer type kitchen and bunkhouse to accommodate 10 men had also been located on the property.

A surface diamond drill program was conducted during the summer to test a cobalt vein in the Capital Shaft area located approximately a half mile from #3 Shaft. Results of this drilling were encouraging, but it will be necessary to do further drilling from underground at a later date.

Currently, a high grade silver vein is being developed by drifting on the 70 foot level of #3 Shaft.

Langis Mine — This property was also acquired by leasing and is a former silver producer located 17 miles north of Cobalt.

In November, a surface diamond drill program was commenced to obtain information on a vein system at the south end of the property and also to confirm geological formations in the area. The four holes drilled provided information which warrants further drilling from underground at a later date.

Plans are being made to construct a headframe at #3 Shaft and install a hoisting plant in order to dewater the underground workings in preparation for an exploration program in 1980.

Dotsee Mine — The Company owns this property, located 4 miles northwest of Cobalt, which was a small cobalt producer some 50 years ago.

An exploration drilling program was conducted by drilling eight short holes which intersected low cobalt values. These results were sufficient to warrant staking eight contiguous claims in order to conduct a geophysical survey within the next year.

The following is a tabulation of this exploration and development:

	1979 Footage	Unit Cost	1978 Footage	Unit Cost
Crosscutting and Drifting	1,753	$ 157.51	1,415	$ 122.78
Raising	663	170.52	632	115.87
U/G Diamond Drilling	16,583	10.45	29,284	9.57
Surface Diamond Drilling	7,157	12.29	—	—

GENERAL

Milling — It is planned to add four more cells to the flotation circuit in order to improve the recovery of silver.

Labour Relations — A new labour contract was concluded with the United Steelworkers of America, covering our 83 hourly paid employees, for a period to two years effective July 1, 1979.

In conclusion, I wish to extend my appreciation to the Board of Directors, staff and employees for their co-operation and assistance throughout the year.

Respectfully submitted,

G. W. Kirk, P.Eng.,
Manager.

Consolidated Balance Sheet

AS AT DECEMBER 31, 1979

ASSETS

CURRENT ASSETS

Cash
Deposit receipts
Accounts receivable
Marketable securities, at lower of cost or net realizable value (quoted market value 1979 — $6,748,858; 1978 — $1,397,278)
Bullion and concentrates on hand
Supplies
Prepaid expenses and deposits
Advances to affiliated companies — 10%
Deposits on gold and silver contracts (Note 2)

FIXED ASSETS (Note 3)

MINING CLAIMS AND PROPERTIES (Note 4)

DEFERRED EXPENDITURES

Silver Division
Gold Division

OTHER ASSETS

Shares of unlisted companies, at nominal value
Shares of unlisted companies, at cost
Amalgamation expenses, at cost

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable and accrued liabilities
Income and mining taxes payable
Dividends payable

DEFERRED INCOME TAXES (Note 5)

MINORITY INTEREST IN SUBSIDIARY

SHAREHOLDERS' EQUITY

CAPITAL (Note 6)
Authorized — 20,000,000 Shares without par value
Issued — 13,861,827 Shares

RETAINED EARNINGS

See accompanying notes to financial statements.

Approved on Behalf of the Board of Directors:

PAUL PENNA, Director
MILTON KLYMAN, Director

1979	1978
$ 36,978	$ 25,400
5,468,928	2,447,324
2,549,032	1,875,908
5,316,305	1,016,584
3,904,793	739,750
469,159	511,656
300,391	232,115
356,900	305,928
1,572,669	—
19,975,155	7,154,665
4,191,011	3,847,989
584,124	460,426
1,871,631	1,531,385
2,447,329	3,383,557
4,318,960	4,914,942
3	3
107,620	107,620
82,879	82,879
190,502	190,502
$ 29,259,752	$ 16,568,524
$ 2,117,078	$ 1,303,400
3,175,705	—
89,618	—
5,382,401	1,303,400
2,258,980	—
5,100	5,100
12,947,145	12,947,145
8,666,126	2,312,879
21,613,271	15,260,024
$ 29,259,752	$ 16,568,524

AUDITORS' REPORT

To the Shareholders of
Agnico-Eagle Mines Limited

We have examined the consolidated balance sheet of Agnico-Eagle Mines Limited as at December 31, 1979 and the consolidated statements of retained earnings, income, and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1979 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

STARKMAN, KRAFT, ROTHMAN,
BERGER & GRILL
Chartered Accountants

Toronto, Ontario
March 15, 1980

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 1979

	1979	1978
INCOME		
Production of metals	$ 26,956,747	$ 15,786,288
Less: Marketing	505,416	366,542
	26,451,331	15,419,746
EXPENSES		
Mining	5,108,935	4,302,223
Milling	4,255,048	3,881,166
Administration	858,143	620,534
Transportation of mill ore	198,995	143,662
	10,421,121	8,947,585
Less: Interest income	602,864	172,188
	9,818,257	8,775,397
INCOME BEFORE UNDERNOTED ITEMS	16,633,074	6,644,349
Amortization of deferred expenditures	1,925,084	2,262,678
Depreciation of buildings, machinery and equipment	1,375,462	1,745,369
	3,300,546	4,008,047
INCOME BEFORE TAXES AND EXTRAORDINARY ITEM	13,332,528	2,636,302
Income and mining taxes (Note 5) — current	3,894,077	—
— deferred	2,258,980	1,315,022
	6,153,057	1,315,022
INCOME BEFORE EXTRAORDINARY ITEM	7,179,471	1,321,280
Utilization of unrecorded deferred tax benefits (Note 9)	766,639	1,315,022
NET INCOME FOR THE YEAR	$ 7,946,110	$ 2,636,302
EARNINGS PER SHARE BEFORE EXTRAORDINARY ITEM	51.8¢	9.5¢
EARNINGS PER SHARE	57.3¢	19.0¢

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1979

	1979	1978
RETAINED EARNINGS (DEFICIT) — beginning of year	$ 2,312,879	$ (323,423)
Net income for the year	7,946,110	2,636,302
	10,258,989	2,312,879
Less: Dividends paid	1,592,863	—
RETAINED EARNINGS — end of year	$ 8,666,126	$ 2,312,879

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 1979

	1979	1978
SOURCE OF FUNDS		
FROM OPERATIONS		
Net income for the year	$ 7,946,110	$ 2,636,302
Add: Items which do not require a current outlay of working capital		
— deferred income taxes	2,258,980	—
— depreciation	1,375,462	1,745,369
— amortization of deferred expenditures	1,925,084	2,262,678
	13,505,636	6,644,349
APPLICATION OF FUNDS		
Increase in mining properties	123,698	—
Dividends paid	1,592,863	—
Deferred expenditures — Gold Division	44,640	145,707
Deferred expenditures —Silver Division	1,284,462	719,785
Buildings, machinery and equipment (net)	1,718,484	86,881
	4,764,147	952,373
INCREASE IN WORKING CAPITAL	8,741,489	5,691,976
WORKING CAPITAL, beginning of year	5,851,265	159,289
WORKING CAPITAL, end of year	$ 14,592,754	$ 5,851,265

See accompanying notes to financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1979

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(a) ACCOUNTING FOR SUBSIDIARIES

These financial statements include the accounts of the Company's 97% owned subsidiary, Telbel Mines Limited. The investment in the Compay's dormant wholly-owned subsidiaries is carried at nominal value.

(b) DEFERRED EXPENDITURES AND AMORTIZATION

The amounts shown for deferred expenditures represent costs to date less amounts written off and are not intended to reflect present or future values. Exploration costs related to unknown or unproven ore bodies are deferred until such time as production occurs. Amortization of deferred expenditures at the Gold Division is calculated on a unit of production basis based on the total ore reserves of the mine. At the Silver Division where ore reserves are not predictable the company amortizes sufficient costs to eliminate the income earned during the year.

(c) DEPRECIATION

The Gold Division records depreciation on a unit of production basis based on the total ore reserves of the mine. The Silver Division records depreciation on a 30% declining balance basis due to the erratic nature of the ore bodies.

(d) SUPPLIES

Supplies are valued at average cost.

(e) PLANT AND EQUIPMENT ADDITIONS AND REPAIRS

Repairs and maintenance are charged to operations or deferred expenditures while additions, replacements or improvements to existing plant and equipment are capitalized.

(f) EXCHANGE TRANSLATION

The Company's gold operating revenues which are based on U.S. dollar prices are reflected in the statement of earnings at their Canadian dollar exchange equivalent at the date of sale. U.S. dollar current assets and current liabilities are translated to Canadian dollars on the basis of year-end exchange rates at December 31.

(g) BULLION AND CONCENTRATES ON HAND

Bullion and concentrates on hand are valued at the estimated realizable value at December 31, 1979.

2. **DEPOSITS ON GOLD AND SILVER**

As at December 31, 1979 the company had deposits on future contracts for the sale of 8,800 ounces of gold at an average price of $351.39 U.S. per ounce and 60,000 ounces of silver at an average price of $14.77 U.S. per ounce as a hedge against the fluctuating prices for these commodities. The revenue from these contracts will be reflected at the aforementioned selling prices upon the completion of the contracts.

3. **FIXED ASSETS**

The fixed asset balance by division is as follows:

	1979	1978
SILVER DIVISION		
Buildings, machinery and equipment, at cost	$ 3,197,215	$ 2,597,971
Less: Accumulated depreciation	2,734,256	2,537,131
	462,959	60,840
GOLD DIVISION		
Buildings, machinery and equipment, at cost	10,214,407	9,095,167
Less: Accumulated depreciation	6,486,355	5,308,018
	3,728,052	3,787,149
	$ 4,191,011	$ 3,847,989

4. **MINING CLAIMS AND PROPERTIES**

The company owns approximately 97% of the outstanding capital stock of Telbel Mines Limited. The chief assets of Telbel Mines Limited are mining development licences on 34 claims adjacent to the company's Gold Division mining property.

In 1974 the Company was the successful bidder on two mining leases in the Cobalt Area, formerly known as the Coniagas and Trethewey mines, for a first year lease rental payment of $252,000 which has been included in mining claims and properties. This lease rental payment has been amortized fully on the same basis as the deferred exploration on the property. In subsequent years nominal lease rental payments are required.

5. **DEFERRED INCOME TAXES**

The company records income and mining taxes on the tax allocation basis. Differences between accounting and taxable income occur as a result of claiming items for income and mining taxes in excess of those recorded for accounting purposes. The resultant differences are reflected in the balance sheet as deferred income taxes

6. **CAPITAL**

The Company has allotted 200,000 shares for a stock option for its President at $7.45 per share until August 15, 1984. In addition, during the year the Company granted additional stock options for certain senior employees totalling 82,500 shares at $5.96 per share and 11,500 shares at $8.22 per share available until April 11. 1984. As at December 31, 1979 no options had been exercised. However, subsequent to the year end 23,500 shares were issued in regards to these options.

7. **COMMITMENTS**

In 1975 the Company entered into a pension plan for all salaried employees. According to the terms of the plan there were certain past service funding requirements which are being funded and written-off in equal instalments over 15 years commencing in 1975. As of December 31, 1979 the unfunded unamortized liability is approximately $160,000.

8. **OTHER STATUTORY INFORMATION**

Aggregate direct remuneration of directors and senior officers as defined amounted to $373,278 for the year ended December 31, 1979 (1978 — $294,773).

9. **EXTRAORDINARY ITEM**

Generally accepted accounting principles in Canada require that the realization or partial realization in a subsequent period of the tax benefit resulting from a loss carry-forward, which was not recognized in the period in which the loss occurred, be reflected in the income statements for the period of realization as an extraordinary item.

10. **COMPARATIVE FIGURES**

Certain of the comparative figures have been reclassified to conform with the presentation adopted for 1979.

11. **SUBSEQUENT EVENT**

The company declared a dividend of 15¢ (U.S.) per share payable May 9, 1980 to shareholders of record April 18, 1980.

Agnico-Eagle holdings in the Cobalt silver camp, Ontario

(Does not include leased mining properties in the nearby Gowganda area to the north)

The shaft headframe and mining plant at the Beaver-Temiskaming Mine, Cobalt, Ontario. The extensive underground program at this group of former producing mines, exploring and developing the lower contact of the Nipissing, is a continuation of the $3 million program that was initiated in 1971. During the past five years over a mile of crosscutting and drifting, together with nearly 90,000 feet of underground diamond drilling, have been completed from this deep underground access.

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